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TRADE EXPANSION AND ECONOMIC INTEGRATION AMONG DEVELOPING COUNTRIES, MEASURES TO BE TAKEN BY DEVELOPING AND DEVELOPED COUNTRIES, INCLUDING REGIONAL, SUB-REGIONAL AND INTER-REGIONAL ARRANGEMENTS

Statement made by the representative of the Secretary-General introducing the discussion on item 3 of the Working Group's agenda 1/

1. It is somewhat delicate for the Secretariat to respond to the invitation of the Chairman to introduce the question on institutional arrangements in this context; for in view of the scramble for ever more proliferating activities to which international organizations are perhaps inevitably subject, it is equally nearly inevitable that the Secretariat's utterings on this subject will probably rightly be regarded as reflecting at least some degree of institutional self-interest. Yet, since this working party has only until Friday to terminate consideration of item 14, I thought that introductory remarks on behalf of the Secretary-General may be geared to clarifying, more or less pointedly, the issues before the Committee and thus assist in speeding up consideration of this item of the working party's agenda.

2. In the view of the Secretariat's approach to the problem, as it appears in TD/15, only the question of institutional arrangements arises in four different respects with which I shall try to deal separately:

(a) The institutional arrangements to facilitate, with respect to specific schemes that may be submitted by groups of developing countries, the implementation of the eventual declaration of support.

(b) The institutional arrangements for the further consideration of those questions relating to trade expansion and economic co-operation among developing countries that can usefully be considered in a universal framework. This is the question of the permanent Committee proposed in the Algiers Charter.

(c) The question of the form of UNCTAD's participation in the multilateral trade negotiations that have been initiated by a number of developing countries which are Contracting Parties to the GATT.

1/ Circulated at the request of the representative of Pakistan

(d) The further activities of the UNCTAD secretariat in the field of item 14 and particularly the question of the improved organization of technical assistance to trade expansion and integration efforts among developing countries.

II

3. After this rapid survey of the various facets of the problem of institutional arrangements, let me make some comments regarding the institutional arrangements that may be useful to follow up the eventual declaration of support. Reference to this matter is made in paragraphs 81 and 82 of TD/15. There are various reasons why a multilateral mechanism may be regarded as necessary: it would facilitate the task of the groups of developing countries concerned that would not have to go explaining in a number of capitals of developed countries the nature of their scheme and the specific modes of assistance. A multilateral mechanism may assist developing countries in their attempts to obtain outside support from as diverse sources as possible. The existence of the mechanism may furthermore encourage those countries that are interested to resort to it and come forward with specific schemes. And if linked with the declaration of support, the mechanism may give some added weight to it and contribute to allaying misgivings about its purely verbal character.

4. This, of course, does not necessarily mean that a completely new mechanism applicable to all cases would have to be established. It may already be a step forward if one were to indicate clearly the path to be followed whenever a group of countries want to present a concrete scheme to the international community. Moreover, one may want to consider whether UNCTAD's role in these matters is exhausted with the adoption of the declaration of support or whether on account of its near-universal character it could perform any useful function in backing up the efforts of interested regional bodies for instance in mobilizing attention in connexion with the presentation of specific schemes.

5. May I sum up this point in the form of three questions:

(a) Is there a need for some kind of machinery or clearly established procedure to facilitate the application of the declaration of support to concrete schemes as they are presented?

(b) Is it already possible to give some indications as to the main features of such machinery or procedure?

(c) Should UNCTAD have any role in such machinery, or in connexion with the procedure provided the countries concerned so desire?

III

6. After considering this problem of what to do with respect to concrete schemes as they may come up, the question arises whether there are other questions relating to trade expansion and economic co-operation among developing countries that would deserve intergovernmental consideration within UNCTAD. We for our part think so, and paragraphs 88 and 89 of TD/15 reflect this view, which is based on the experience that has been made between the first and the second Conferences. At the request of the Conference and the Board, we had called two expert groups to deal with different aspects of trade expansion and economic co-operation among developing countries and have also written reports of our own on the subject. Yet, what has happened, is that the concrete suggestions contained in the various reports have not really been examined at the intergovernmental level, though everybody continued to state how important it was to take really effective action and step up trade and economic co-operation among developing countries. Of course, many of the suggestions can only be applied in the regions and on the basis of the autonomous action by the developing countries concerned. But there are at least some suggestions that are contained in our reports, or have arisen in connexion with the recent Conference, which would be perfectly suited for international consideration leading to action both by developing and developed countries.

7. Some of these questions have been on the agenda of the existing UNCTAD Committees. But in view of the understandable overwhelming interest of these Committees in the improvement of the economic relationships with the developed world, these questions relating to relationships among developing countries received only a very minor share of the attention. Furthermore the little debate there was showed that with regard to any stepping up of trade among developing countries, the relationship between primary commodities trade, manufactures trade and the availability of financing and payments facilities was so close that the one could not be considered without the other. Thus, in the Commodity Committee's discussions on trade among developing countries there were various references to the absolute need for simultaneous payments arrangements.

In another context, it was mentioned that if certain developing countries are to increase imports of manufactures from other developing countries, the imperative of reciprocity - characteristic for the approach to trade expansion among developing countries - requires them to take simultaneous steps for increasing the importing countries' primary goods exports. Last but not least, a useful dialogue regarding the justification for certain types of multilateral payment arrangements among developing countries requires the participation not only of the guardians of a country's monetary policy, but also of the trade specialists who may be looking for new market outlets to use better the available productive capacity.

8. Such reasons make us believe that it may be worthwhile to have a committee on trade expansion and economic co-operation among developing countries. But this would only be so if the specialists who know the problems of regional and inter-regional trade expansion would be ready to attend such a committee. Also the agenda items would have to be defined carefully and sufficiently in advance so that the countries' delegations could be composed accordingly, and it should be made sure that the agenda contains only problems that are of common interest to various regions and regarding which internationally agreed action would really be useful and possible.

9. The following questions may help consideration of this point:

(a) Are there any questions related to trade expansion and economic co-operation among developing countries that can usefully be the subject of international intergovernmental consideration?

(b) Are the presently constituted bodies operating under UNCTAD sufficient to ensure that between the Second and Third Conference, adequate attention will be given to the practical ways and means of stepping up the efforts in this field?

(c) Should any possible new body be set up on a permanent basis - like the other UNCTAD Committees - or should one content oneself with one well-prepared meeting of such a body and judge its usefulness afterwards?

IV

10. I now come to a more delicate point because it concerns our relationship to a neighbouring institution, the GATT, though admittedly the question of the relationship with that institution could also be raised with respect to some of the other three points under this heading of the institutional arrangements. This part is described, in carefully weighed words, in the cover note to TD/15/Supp.5 As you know, a number of developing countries that are Contracting Parties to the GATT have in November 1967 set up a Trade Negotiations Committee and started preparations for negotiations on mutual concessions regarding trade barriers, regardless of whether or not the countries concerned are situated in the same region. It is understood that this should lead to the exchange of concessions on a preferential basis. The Committee agreed also that developing countries not parties to GATT should be informed of the discussions in this Committee and of the desire of the participating countries that they should also take part in the work of the Committee with a view to participating in the negotiations. We understand that a number of non-GATT developing countries are replying positively to this invitation.

11. What is now UNCTAD's role in connexion with these negotiations? Our expert group had suggested such negotiations nearly two years ago. The matter was taken up rapidly at the last session of the Trade and Development Board when the interest was expressed by many developing countries that arrangements be worked out between UNCTAD and GATT which would ensure that all developing countries could participate in them on a footing of equality. This is also the stated intention of the GATT secretariat who has offered that UNCTAD should be associated with this exercise and that we should combine our resources to this effect. But to determine and then finalize the exact contents of the inter-Secretariat arrangements regarding this trade negotiation committee, the UNCTAD Secretary-General needs instructions from the relevant body of UNCTAD, and he has therefore submitted the question to this Conference with the suggestion that for these negotiations a joint GATT/ UNCTAD framework should be established. He added that "such a joint framework would

enable the interested members of UNCTAD which are not parties to GATT, and the UNCTAD secretariat, in close co-operation with the GATT secretariat, to play their full role in these negotiations."

12. The question relating to this point may be formulated as follows:

Should the UNCTAD Secretary-General undertake the necessary steps with the GATT Director-General with a view to arranging that the Trade Negotiations Committee set up by developing countries that are Contracting Parties of GATT would operate within a joint GATT/UNCTAD framework and be serviced by both secretariats.

V

13. Let me finally say a few words on the question of the future activities of the UNCTAD Secretariat in the field of trade expansion and economic co-operation among developing countries and on the organization of technical assistance in this field. As for the activities and needs of the Regional Commissions, their representatives will surely want to deal with them. It is our feeling that the research efforts of the Secretariat in this field should be geared towards finding practical solutions for specific problems that tend to arise in trade expansion and integration efforts among developing countries and that are of common interest to various developing regions. We have already started some studies of this type. If the working party had time available we would be happy to submit to its criticism or approval a list of the problems we would envisage to study. We would intend to subject drafts to the criticism of others, and then publish as regular research papers which would them embody the latest stand of knowledge regarding a particular problem. Among these problems are the ways and means of implementing certain intermediate targets like the reduction of particularly high trade barriers among a group of countries, the methods for linking trade liberalization with investment allocation; formulas for sharing the various benefits arising from the location in a particular country of multi-national enterprises; the conditions for the effective application of certain methods to enable less advanced countries to participate in trade expansion and integration efforts etc.

14. Research efforts so directed would, in fact, constitute backstopping of the activities of regional commissions, other regional bodies and of individual experts in the field. It would already be a means for improving technical assistance. In addition, we think that UNCTAD could further contribute to improving technical assistance in this field by establishing and keeping up a roster of experts for each of the specific problems arising in a trade expansion and integration process. Governments might want to inform UNCTAD of the experienced people that they would in principle be ready to provide if a request comes. A choice of names for a particular job description would be submitted to the requesting bodies and countries which can then directly enter into contact with the possible experts and recruit them for technical assistance jobs or as regional advisors. The alternative course which may also be open to a requesting body or country would be that we would actively seek out candidates and interview them on behalf of the body or country which may be too far away on the so-called periphery for forming a judgment. Either procedure is all right, but what must absolutely be avoided is the presently not infrequent confusion where different bodies of the UN family actively seek out experts for exactly the same job with the result that different donor Governments engage difficult domestic procedures for freeing qualified staff only to find out at the end that the job has been filled quite some time ago. The patience of potential donors of technical assistance also gets strained by the recruiting of experts for studies that enjoy little political support by the recipient Governments concerned and are therefore not likely to lead to action. A call for increased technical assistance and for highly qualified experts may want to take these considerations into account. I would therefore dare to refer again to the questions already asked in my statement with respect to item 2 of the agenda.

15. The question arises further whether in addition to the outside experts drawn from the roster, the efforts of the regional bodies and countries could not be backed up if UNCTAD itself had at its disposal a very small permanent nucleus of practically experienced people for the solution of specific problems arising in joint efforts, such as for helping least advanced countries to prepare their position in negotiations for integration or trade expansion, or for preparing item-by-item negotiations, or for adapting linear liberalization techniques with specific national problems, or for shaping inter-regional efforts in a way as to make them compatible with regional

ones. Such a nucleus should, of course, only be constituted if such high level experts can really be found for it. The existence of a nucleus may solve the problem of the delays mentioned in the debate which occur when experts have in all cases to be recruited from the outside. The related question may be formulated as follows:

Should UNCTAD and UNDP make arrangements to ensure that UNCTAD can contribute to fulfilling the needs of regional bodies and countries for short-term advisory services, for instance with respect to the specific problems on which UNCTAD would have concentrated its research efforts?

16. Lastly, it was also rightly stated that there is a certain scarcity of funds for technical assistance and studies related to trade expansion and integration efforts among developing countries. This is particularly regrettable when this scarcity manifests itself at a point when Governments have formally decided to enter into negotiations for mutual commitments. The related question may be formulated as follows:

Is there a chance that the available funds would, in one form or another, be increased at least for those studies or expert missions that would be linked to efforts for the negotiation of specific mutual commitments, in keeping with the concerted effort that may be decided to step up between the second and third conference trade expansion and economic co-operation among developing countries?